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### SOVIETS RAISE DEMANDS ON LNG PROJECTS

The USSR has escalated its demands in recent negotiations with US firms concerning a possible multi-billion dollar project for delivery of liquefied natural gas from Yakutsk to the US West Coast. The Soviets requested the following:

- A 50% increase in the f.o.b. price of the gas, from 60¢ to 90¢ per thousand cubic feet, with provision for subsequent annual increases.
- A maximum Soviet down-payment of 10%, the remaining 90% to be financed by loans from the US Export-Import Bank and other US sources at an average interest rate of no more than 6.15%.
- Provision of three complete plants to produce large-diameter linepipe, valves, and pipeline construction equipment.
- Soviet ownership of one-half of the LNG tanker fleet, an arrangement previously ruled out by the United States.
- Additional funds for exploration and full equipping of gas wells.

Similar demands have been submitted to US firms negotiating for delivery of gas from Western Siberia to the US East Coast. (CONFIDENTIAL)

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